



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-3	BOARD MEETING: December 6-7, 2011	PROJECT NO: 11-068	PROJECT COST: Original: \$4,969,521
FACILITY NAME: Woodlawn Dialysis		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: DaVita, Inc., and Total Renal Care, Inc. (the applicants) are proposing to discontinue a 20-station End Stage Renal Dialysis (ESRD) facility, and establish a 32-station ESRD facility approximately 2 miles (5 minutes) in 12,380 GSF of leased space in Chicago. The cost of the project is \$4,969,521.



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EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- DaVita, Inc., and Total Renal Care, Inc. (the applicants) are proposing to discontinue an existing 20-station ESRD facility located at 1164 E 55th Street, Chicago, and establish a 32-station replacement facility at 5060 S State Street, Chicago, approximately 2 miles away. The cost of the project is \$4,969,521. **Board Staff notes the project was previously approved as Project# 10-093, Woodlawn Dialysis. Project #10-093 has since been abandoned due to issues with the initial project site. The anticipated project completion date is December 31, 2012.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project proposes to establish a health care facility as defined by Illinois Health Facilities Planning Act.

PURPOSE OF THE PROJECT:

- To establish an ESRD facility and ESRD services in Chicago.
- The Woodlawn Area is in HSA-06, an area that has a need for 124 additional ESRD stations, according to the October 2011 Bed/Station Inventory.
- The need to relocate the existing 20-station facility is due to the lease at the current facility expiring on December 31, 2011, and the property owner's decision to not renew the lease for the current location.
- The applicants propose to move to a location approximately 2 miles away, and add 12 stations to address the current station need in HSA-06.

NEED:

- To establish a dialysis service
 1. there must be a calculated need in the planning area;
 2. the proposed service must provide service to planning area residents;
 3. there must be a demand for the service in the planning area;
 4. the proposed service must improve access;
 5. the proposed service will not cause an unnecessary duplication of service or maldistribution of service; and,
 6. will not reduce the utilization of other area providers.
- HSA-VI currently has a calculated need for 124 ESRD stations.
- There are 135 ESRD patients served at the existing Woodlawn Dialysis facility that would be expected to transfer to the new facility, once completed.
- The application contains a referral letter from Dr. Hammes, M.D. agreeing to refer an additional 21 pre-ESRD patients to the new facility, for a total of 156 patient referrals.
- These referrals would bring the operational capacity of the replacement facility above



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the 80th percentile.

BACKGROUND/COMPLIANCE ISSUES

- Neither applicant has outstanding compliance issues with the State Board.

PUBLIC HEARING/COMMENT

- No public hearing was requested and no letters of opposition were received for this project.
- Letters of support from Alderman Pat Dowell and Dr. Mary Hammes were received.

FINANCIAL AND ECONOMIC FEASIBILITY

- The entirety of the project will be funded through internal sources (Cash and Securities/Fair Market Value of the Leases).
- Sufficient cash is available to fund the project.

CONCLUSIONS:

- There is a calculated need for 124 stations in the HSA-06 ESRD service area.
- This project is based upon this calculated need and the fact that the existing facility already serves 135 ESRD patients classified as being chronically ill, low income, and disabled.
- 156 referrals to the new location (135 existing patients and 21 pre-ESRD patients) will use Woodlawn Dialysis exclusively, and were not used in the determination of need for any of the 4 area ESRD facilities currently under construction.
- There are underutilized facilities/services in the service area.

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1110.1430(b) - Planning Area Need	57% of the facilities in the service area are underutilized (operating beneath the 80 th percentile).
1110.1430(c)- Unnecessary Duplication of Services/Maldistribution	57% of the facilities in the service area are underutilized (operating beneath the 80 th percentile); therefore an unnecessary duplication of service may result.



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STATE BOARD STAFF REPORT

Woodlawn Dialysis

PROJECT #11-068

Applicants	DaVita, Inc. Total Renal Care, Inc.
Facility Name	Woodlawn Dialysis
Location	Chicago
Application Received	September 7, 2011
Application Deemed Complete	September 9, 2011
Review Period Ended	November 8, 2011
Review Period Extended by the State Board Staff	No
Public Hearing Requested	No
Applicants' Deferred Project	No
Can Applicants Request Another Deferral?	Yes
Project Completion Date	December 31, 2012
Station Need/Excess in HSA-06	Need for 124 Stations
Station Need/Excess After Transaction	Need for 112 Stations
Opposition/Support Letters	1 Support 0 Opposition

I. The Proposed Project

The State Board is being asked to consider the discontinuation of an existing 20-station ESRD facility and the establishment of a 32-station replacement ESRD facility approximately 2 miles (5 minutes), away in Chicago. The proposed facility will be located in 12,380 GSF of leased space, and the cost of the project is \$4,969,521. **The anticipated project completion date is December 31, 2012.**

II. Summary of Findings

- A. The State Board Staff finds the proposed project does **not** appear to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The current facility is located at 1164 East 55th Street, Chicago, and the proposed facility will be located at 5060 South State Street, Chicago, approximately 2 miles (5 minutes) away. The applicants are Total Renal Care, Inc., and DaVita, Inc.



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DaVita, Inc is the parent organization for all the entities and South Central Medical Center Building Trust owns the site. Total Renal Care, Inc. d/b/a Woodlawn Dialysis is the operating entity/licensee. The proposed facility will be located in HSA VI. HSA VI is comprised of the City of Chicago. The October 2011 update to the IDPH Inventory of Health Care Facilities ("Inventory") shows a computed need for 124 ESRD stations in HSA VI.

There is no land acquisition cost for this project, as the proposed facility will be leased space with the interior being built out by the applicant. This is a substantive project subject to both a Part 1110 and Part 1120 review. Project obligation will occur after permit issuance. **The anticipated project completion date is December 31, 2012.**

A public hearing was offered on this project; however, no hearing was requested. The State Board Staff received one support letter and no letters of opposition regarding this project.

IV. The Proposed Project - Details

The applicants propose to discontinue its 20-station ESRD facility located at 1164 East 55th Street, Chicago. The applicants then plan to re-establish a 32-station ESRD facility approximately 2 miles (5 minutes) away, at 5060 South State, Chicago. The proposed facility will also be located in the Woodlawn neighborhood of Chicago, and serve the entire patient population from the old facility (135 patients), as well as 21 pre-ESRD patients referred by Dr. Mary Hammes, M.D. The applicants note the proposed facility will consist of 12,380 GSF of leased space, and the total estimated project cost is \$4,969,521.

V. Project Costs and Sources of Funds

The total estimated project cost is \$4,969,521. The proposed project is being funded with cash and securities totaling \$2,976,308, and leases with a Fair Market Value of \$1,993,213. Table One outlines the project's costs and uses of funds. The State Board Staff notes all costs are classified as being clinical.

TABLE ONE	
Project Uses and Sources of Funds	
Uses of Funds	Clinical



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TABLE ONE	
Project Uses and Sources of Funds	
Uses of Funds	Clinical
Modernization Contracts	\$1,622,397
Contingencies	\$150,000
A & E Fees	\$110,980
Consulting & Other Fees	\$71,500
Moveable Equipment	\$1,021,431
Fair Market Value of Leased Space/Equipment	\$1,993,213
Total Uses of Funds	\$4,969,521
Sources of Funds	Clinical
Cash and Securities	\$2,976,308
Leases (fair market value)	\$1,993,213
Total Sources of Funds	\$4,969,521

VI. Cost/Space Requirements

Table Two displays the project's cost/space requirements for the project. The clinical portion comprises approximately 100% of the cost and GSF.

TABLE TWO							
Woodlawn Dialysis-Cost/Space Allocation							
Clinical Department	Cost	Existing GSF	Proposed GSF	New	Modernized	Vacated	As Is
ESRD	\$4,969,521	0	12,380	0	12,380	0	0
Total	\$4,969,521	0	12,380	0	12,380	0	0

VII. Section 1110.130 – Discontinuation

The criterion states:

- “a) The applicants must provide the following:
- 1) the reasons for the discontinuation;
 - 2) the anticipated or actual date of discontinuation or the date the last person was or will be discharged or treated, as applicable;



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- 3) the availability of other services or facilities in the planning area that are available and willing to assume the applicants' workload without conditions, limitations, or discrimination;
- 4) a closure plan indicating the process used to provide alternative services or facilities for the patients prior to or upon discontinuation; and
- 5) the anticipated use of the physical plant and equipment after discontinuation has occurred and the anticipated date of such use."

b) Each application for discontinuation will be analyzed to determine:

- "1. That the stated reasons for the proposed discontinuation are valid and are of such a nature to warrant discontinuation;

The applicants propose to discontinue an existing 20-station ESRD facility located at 1164 East 55th Street, Chicago, and establish a 32-station replacement facility approximately 2.1 miles away in leased space. Both facilities are in the Woodlawn neighborhood, and the applicants state the purpose for the proposed project is based on the expiration of the lease for the existing facility on December 31, 2011. The lease holder is the University of Chicago, and upon project completion, the old facility will be returned to the landlord. The applicants note this project was previously approved as project #10-093, but this project was abandoned, due to unforeseen issues with the previously chosen relocation site.

- "2. "That the discontinuation project will not adversely affect the services needed by the planning area as calculated in the appropriate Appendix of this Subchapter;"

According to the October 2011 Inventory update, there is a computed need for 124 ESRD stations in HSA-06. Should this project be approved and 12 extra stations added to the inventory, a need for 112 stations will exist in HSA-06 (see Table Three).

TABLE THREE Woodlawn Dialysis ESRD Station Need Determination for HSA VI	
Project	HSA VI Bed Need



#11-068	
Before Approval	124
After Approval	112

The applicants note the proposed discontinuation, relocation, and addition of 12 ESRD stations will have no negative impact on existing area services. The applicants state the 135 dialysis patients served at the existing facility are expected to transfer to the new facility, and accompany 21 pre-ESRD patients identified by Dr. Mary Hammes, M.D., who are expected to begin dialysis before project completion.

- "3. "That the discontinuation project will not have an adverse affect on the health delivery system by creating demand for services which cannot be met by existing area facilities;"**

The applicant notes the proposed project will only have an adverse impact on the health delivery system if it is not approved and the facility is forced to discontinue serving the 135 patients from the Woodlawn neighborhood. The applicants identified 52 other facilities in a 30 minute drive radius, and Board Staff agrees with these findings (See Table Four). It appears the discontinuation and relocation of this facility will not have an adverse impact on the service area.

- "4. "That the discontinuation project is in the public interest and would not cause planning area residents unnecessary hardship by the limitation of access to needed services including the effect of the proposed discontinuation on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved groups to obtain needed health care;"**

The applicants note the proposed project will not have a negative effect on access to care as the applicants propose to relocate 20 existing stations, and enhance access through the addition of 12 more ESRD stations at the new site.



- "5. That (in every project for discontinuation except the discontinuation of a total health care facility) the anticipated use to which the physical plant and equipment will be put once the discontinuation takes place and the date such action will occur is appropriate."**

The applicant states the proposed project will result in the relocation of Woodlawn Dialysis, a 20-station ESRD facility, and the subsequent addition of 12 more ESRD stations at the new 12,380 GSF facility, culminating in a 32-station ESRD facility. The applicants note the existing space is leased from the University of Chicago, and the existing facility will be turned back to the landlord, once vacated. The applicants also propose to transfer all records to the new facility.

In summary, the applicant provided sufficient information to document the need to discontinue the current ESRD facility, and re-establish these stations in a different, modernized facility. The applicants are in conformance with the discontinuation criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE DISCONTINUATION REVIEW CRITERION (77 IAC 1110.130)

VIII. Section 1110.230 - Project Purpose, Background and Alternatives

A. Criterion 1110.230(a) - Background of Applicant

The Criterion states:

- "1) An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character, to adequately provide a proper standard of health care service for the community. [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFPB shall consider whether adverse action has been taken against the applicant, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the**



filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by such person or entity (refer to 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").

- 2) Examples of facilities owned or operated by an applicant include:
 - A) The applicant, Partnership ABC, owns 60% of the shares of Corporation XYZ, which manages the Good Care Nursing Home under a management agreement. The applicant, Partnership ABC, owns or operates Good Care Nursing Home.
 - B) The applicant, Healthy Hospital, a corporation, is a subsidiary of Universal Health, the parent corporation of Healthcenter Ambulatory Surgical Treatment Center (ASTC), its wholly-owned subsidiary. The applicant, Healthy Hospital, owns and operates Healthcenter ASTC.
 - C) Dr. Wellcare is the applicant. His wife is the director of a corporation that owns a hospital. The applicant, Dr. Wellcare, owns or operates the hospital.
 - D) Drs. Faith, Hope and Charity own 40%, 35% and 10%, respectively, of the shares of Healthfair, Inc., a corporation, that is the applicant. Dr. Charity owns 45% and Drs. Well and Care each own 25% of the shares of XYZ Nursing Home, Inc. The applicant, Healthfair, Inc., owns and operates XYZ Nursing Home, Inc.
- 3) The applicant shall submit the following information:
 - A) A listing of all health care facilities currently owned and/or operated by the applicant, including licensing, certification and accreditation identification numbers, as applicable;
 - B) A certified listing from the applicant of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application;
 - C) Authorization permitting HFPB and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when



applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFPB.

- 4) If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed to update and/or clarify data.

The applicant provided a list of all health care facilities currently owned and/or operated by the applicant, including licensing, certification and accreditation identification numbers, a certified statement from the applicant that no adverse action has been taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application, and authorization permitting HFPB and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted. The applicants appear fit, willing and able and have the qualifications, background and character to adequately provide a proper standard of healthcare service for the community.

B. Safety Net Impact Statement/Charity Care

Davita's Safety Net Statement

DaVita accepts and dialyzes patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, disability or ability to pay. Complete charity care is very unusual as most dialysis patients are covered by some type of payment system.

US Citizen patients are covered by commercial insurance, Medicare or Medicaid. If not covered through one of these avenues there are options through application and acceptance to receive payment through the American Kidney Foundation or National



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Kidney Foundation. For non-qualified aliens in IL the Emergency Medicaid program covers them.

If we have exhausted all other avenues for payment methods, we have a patient financial evaluation policy in place. From this evaluation we determine the financial ability and obligation to pay.

This information was taken from Davita Inc. 10-K for fiscal year ended December 31, 2010

"Medicare pays 80% of the amount set by the Medicare system for each covered treatment. The patient is responsible for the remaining 20%. In most cases, a secondary payor, such as Medicare supplemental insurance, a state Medicaid program or a commercial health plan, covers all or part of these balances. Some patients, who do not qualify for Medicaid but otherwise cannot afford secondary insurance, can apply for premium payment assistance from charitable organizations through a program offered by the American Kidney Fund. We and other dialysis providers support the American Kidney Fund and similar programs through voluntary contributions. If a patient does not have secondary insurance coverage, we are generally unsuccessful in our efforts to collect from the patient the 20% portion of the ESRD composite rate that Medicare does not pay. However, we are able to recover some portion of this unpaid patient balance from Medicare through an established cost reporting process by identifying these Medicare bad debts on each center's Medicare cost report."

TABLE THREE DAVITA INC. Illinois Facilities Chronic Hemodialysis <u>Safety Net Information</u>			
CHARITY CARE	<u>2008</u>	<u>2009</u>	<u>2010</u>
Charity (# of Self-Pay Patients)	10	19	21
Charity (Self-Pay Cost)	\$321,510	\$597,263	\$957,867
MEDICAID			
Medicaid (Patients)	214	220	268
Medicaid (Revenue)	\$9,073,985	\$9,212,781	\$10,893,264

C. Criterion 1110.230(b) - Purpose of the Project



The Criterion states:

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

- 1) The applicant shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project. Examples of such information include:
 - A) The area's demographics or characteristics (e.g., rapid area growth rate, increased aging population, higher or lower fertility rates) that may affect the need for services in the future;
 - B) The population's morbidity or mortality rates;
 - C) The incidence of various diseases in the area;
 - D) The population's financial ability to access health care (e.g., financial hardship, increased number of charity care patients, changes in the area population's insurance or managed care status);
 - E) The physical accessibility to necessary health care (e.g., new highways, other changes in roadways, changes in bus/train routes or changes in housing developments).
- 2) The applicant shall cite the source of the information (e.g., local health department Illinois Project for Local Assessment of Need (IPLAN) documents, Public Health Futures, local mental health plans, or other health assessment studies from governmental or academic and/or other independent sources).
- 3) The applicant shall detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being. Further, the applicant shall provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals.
- 4) For projects involving modernization, the applicant shall describe the conditions being upgraded. For facility projects, the applicant shall include statements of age and condition and any regulatory citations. For equipment being replaced, the applicant shall also include repair and maintenance records.



The applicants propose to discontinue a 20-station ESRD facility in the Woodlawn neighborhood of Chicago. The applicants also propose to establish a 32-station ESRD facility in 12,380 gross square feet of modernized, leased space, approximately 2 miles away, in the same neighborhood. The applicants state that the purpose of the proposed project is to continue to provide ESRD services to a growing ESRD population in the Woodlawn neighborhood in Chicago. The applicants note the current site is leased from the University of Chicago, and state the lease on the facility expires on December 31, 2011. University of Chicago has no plans to renew its lease for the existing space, and the applicants must relocate their existing facility.

Table Four identifies facilities within a 30-minute time frame and their utilization as supplied by the applicants. As seen in Table Five, 29 (57%) of the 51 facilities within a 30-minute travel radius are below the State Standard (80%), for utilization. Average utilization of these 51 facilities is 68.45%.

TABLE FOUR					
Facilities within 30 minutes of Woodlawn Dialysis ⁽¹⁾					
Facility	City	Adjusted Minutes (1)	Stations	September 2011 Utilization	Met 80% Standard
FMC Garfield	Chicago	2	22	77.2%	No
Woodlawn Dialysis	Chicago	5	20	106.67%	Yes
DaVita Emerald Dialysis	Chicago	6	247	88.1%	Yes
U of C Lake Park	Chicago	7	20	105%	Yes
FMC Ross Dialysis- Englewood	Chicago	8	16	87.5%	Yes
FMC Bridgeport	Chicago	10	27	85.1%	Yes
Grand Crossing Dialysis	Chicago	11	12	0% *	No
FMC Prairie	Chicago	12	24	64.5%	No
FMC Chatham	Chicago	12	16	0% *	No
DSI Loop Renal Center	Chicago	12	28	44.6%	No
FMC East Delaware	Chicago	13	24	52%	No
FMC Jackson Park Dialysis	Chicago	15	24	80.5%	Yes



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TABLE FOUR					
Facilities within 30 minutes of Woodlawn Dialysis ⁽¹⁾					
Facility	City	Adjusted Minutes (1)	Stations	September 2011 Utilization	Met 80% Standard
FMC Chicago Dialysis Center	Chicago	15	21	61.1%	No
FMC Greenwood Dialysis	Chicago	16	28	85.1%	Yes
FMC South Chicago	Chicago	16	36	78.7%	No
Rush University Dialysis	Chicago	16	5	13.3%	No
Cook County Hospital Dialysis	Chicago	16	9	164.8%	Yes
U of I Hospital Dialysis	Chicago	17	26	87.8%	Yes
DaVita Little Village	Chicago	17	16	95.8%	Yes
Circle Medical Mgmt.	Chicago	17	27	75.3%	No
FMC Marquette Park	Chicago	18	16	82.2%	Yes
FMC West	Chicago	18	31	38.7%	No
FMC Congress Parkway	Chicago	18	30	64.4%	No
Beverly Dialysis Ctr.	Chicago	20	12	93%	Yes
FMC South Side	Chicago	20	39	83.3%	Yes
U of C Stony Island	Chicago	20	23	102.9%	Yes
FMC South Shore	Chicago	20	16	86.4%	Yes
FMC West Willow	Chicago	20	12	0% *	No
FMC Northwestern University	Chicago	20	44	69.7%	No
FMC Roseland	Chicago	21	12	87.5%	Yes
Mt. Sinai Hospital	Chicago	21	16	80.2%	Yes
FMC South Deering	Chicago	22	20	0% *	No
Blue Island Dialysis Ctr.	Blue Island	23	24	80.5%	Yes
FMC Evergreen Park	Evergreen Park	23	30	76.1%	No
Garfield Kidney Ctr.	Chicago	23	16	77.2%	No
West Lawn Dialysis	Chicago	25	12	16.6%	No
DaVita Logan Square	Chicago	25	12	0% *	No
DaVita Lincoln Park	Chicago	25	22	77.2%	No
DaVita TRC Children's TRC Dialysis	Chicago	25	6	50%	No
FMC West Metro	Chicago	25	30	89.4%	Yes
FMC Northcenter	Chicago	26	16	76%	No



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TABLE FOUR					
Facilities within 30 minutes of Woodlawn Dialysis ⁽¹⁾					
Facility	City	Adjusted Minutes ⁽¹⁾	Stations	September 2011 Utilization	Met 80% Standard
FMC Merrionette Park	Merrionette Park	26	18	87.9%	Yes
Oak Park Kidney Ctr.	Oak Park	26	18	58.8%	No
DSI Scottsdale	Chicago	27	35	0% *	No
FMC Midway	Chicago	28	12	41.6%	No
FMC Burbank	Burbank	28	22	73.7%	No
West Suburban Dialysis Unit	Oak Park	28	46	83.7%	Yes
FMC Austin	Chicago	28	16	60.4%	No
FMC Lakeview	Chicago	28	18	49%	No
FMC Oak Park Dialysis	Oak Park	30	12	176.3%	Yes
FMC North Kilpatrick	Chicago	30	28	75%	No
1. Mileage calculated using MapQuest. Time calculated per 77 IAC 1100.510 (d)					
2. *Recently approved facility, no data available.					
3. Utilization information taken from Renal Network Data (09/30/2011)					

The applicants cited quantifiable goals as being the ability to improve access while monitoring patient demand, and that the facility will achieve quality outcomes as demonstrated by achieving 85% of patients having a URR greater than or equal to 65%, and 85% of patients having a Kt/V greater than or equal to 1.2.

D. Criterion 1110.230(c) - Alternatives to the Proposed Project

The Criterion states:

“The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

- 1) Alternative options shall be addressed. Examples of alternative options include:**
 - A) Proposing a project of greater or lesser scope and cost;**
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative**



- settings to meet all or a portion of the project's intended purposes;
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Other considerations.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available."

The applicants propose to discontinue a 20-station ESRD facility, and establish a 32-station replacement ESRD facility in the Woodlawn neighborhood of Chicago. The applicants considered the following alternatives:

1. Utilize Existing Facilities

The applicants note the option of sending pre-ESRD patients to underutilized facilities in the area is not a reasonable option for the patients residing in the service area. The applicants state the need to operate a fourth shift at its existing ESRD facility serves as proof that the ESRD population is committed in one form or another to using the facility in the Woodlawn neighborhood, and cannot travel to a distant facility. Existing facilities within 30 minutes have an average utilization of 68.45%. **There were no costs identified with this option.**

2. Do Nothing

The applicants rejected this alternative, based on the fact that the existing lease with the University of Chicago expires on December 31, 2011, and the landlord will not renew the lease. The applicants feel this is not an option.



3. Project as Proposed

The applicants chose this alternative, based on the fact the existing facility will go back to the custody of the landlord in 2012, and in order to serve the current and future ESRD patients, must relocate and expand to meet the current and growing need for dialysis. The applicants note the decision to add 12 ESRD stations to the Woodlawn neighborhood is in the best interests for a densely populated neighborhood that has a high susceptibility to renal disease and kidney-related illness. **Cost of the proposed alternative: \$4,969,521.**

VI. Section 1110.234 - Project Scope and Size, Utilization and Unfinished/Shell Space – Review Criteria

A) Size of Project

The Criterion states:

"The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards of Appendix B, unless the additional GSF can be justified by documenting one of the following:

- 1) Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;**
- 2) The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;**
- 3) The project involves the conversion of existing bed space that results in excess square footage."**

The applicants propose to establish a 32 station ESRD facility in 12,380 GSF of leased space. The State board standard is 360-520 GSF per station. The applicants note the project is allocating 387 GSF per station, which is within the limits of the standard. The applicants explain that this project was previously approved (Project#10-093), but had to be abandoned due



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problems with a previously chosen relocation site. The proposed project meets the spatial standards established by the State Board, and a positive finding has been made.

TABLE FIVE SIZE OF PROJECT 11-068 Woodlawn Dialysis				
Department /Service	Proposed BGSF/DGSF	State Standard	Difference	Met Standard?
ESRD Facility	12,380 GSF (32 Stations)	360-520 DGSF (387 GSF/Station)	133 DGSF under per station	Yes

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SIZE OF PROJECT CRITERION (77 IAC 1110.234(a)).

B) Criterion 1110.234 (b) - Project Services Utilization

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source, that minimally include the following:

The applicants identified 135 patients from the current facility who are expected to transfer to the new facility. In addition, Dr. Mary Hammes, M.D. identified 21 pre-ESRD patients expected to require dialysis and use the proposed facility upon project completion. The applicants have documented by the second year after project completion (2014), they will be above the State Board's target occupancy of 80% (Application, P. 93).

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECTED SERVICES UTILIZATION CRITERION (77 IAC 1110.234(b)).

IX. Section 1110.1430 - In-Center Hemodialysis Projects - Review Criteria



The criterion for establishing an ESRD facility reads as follows:

- 1) 77 Ill. Adm. Code 1100 (formula calculation)
 - A) The number of stations to be established for in-center hemodialysis is in conformance with the projected station deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.
 - B) The number of stations proposed shall not exceed the number of the projected deficit, to meet the health care needs of the population served, in compliance with the utilization standard specified in 77 Ill. Adm. Code 1100.
- 2) Service to Planning Area Residents
 - A) Applicants proposing to establish or add stations shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
 - B) Applicants proposing to add stations to an existing in-center hemodialysis service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.
 - C) Applicants proposing to expand an existing in-center hemodialysis service shall submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).
- 3) Service Demand - Establishment of In-Center Hemodialysis Service



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The number of stations proposed to establish a new in-center hemodialysis service is necessary to accommodate the service demand experienced annually by the existing applicant facility over the latest two-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new facility, the applicant shall submit projected referrals. The applicant shall document subsection (b) (3) (A) and either subsection (b) (3) (B) or (C).

A) Historical Referrals

- i) If the applicant is an existing facility, the applicant shall document the number of referrals to other facilities, for each proposed category of service, for each of the latest two years.
- ii) Documentation of the referrals shall include: patient origin by zip code; name and specialty of referring physician; name and location of the recipient facility.

B) Projected Referrals

The applicant shall provide physician referral letters that attest to:

- i) The physician's total number of patients (by facility and zip code of residence) who have received care at existing facilities located in the area, as reported to The Renal Network at the end of the year for the most recent three years and the end of the most recent quarter;
- ii) The number of new patients (by facility and zip code of residence) located in the area, as reported to The Renal Network, that the physician referred for in-center hemodialysis for the most recent year;



- iii) An estimated number of patients (transfers from existing facilities and pre-ESRD, as well as respective zip codes of residence) that the physician will refer annually to the applicant's facility within a 24-month period after project completion, based upon the physician's practice experience. The anticipated number of referrals cannot exceed the physician's documented historical caseload;
 - iv) An estimated number of existing patients who are not expected to continue requiring in-center hemodialysis services due to a change in health status (e.g., the patients received kidney transplants or expired);
 - v) The physician's notarized signature, the typed or printed name of the physician, the physician's office address and the physician's specialty;
 - VI) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services; and
 - VI i) Each referral letter shall contain a statement attesting that the information submitted is true and correct, to the best of the physician's belief.
- 5) **Service Accessibility**
The number of stations being established or added for the subject category of service is necessary to improve access for planning area residents. The applicant shall document the following:
- A) **Service Restrictions**
The applicant shall document that at least one of the following factors exists in the planning area:
 - i) The absence of the proposed service within the planning area;



- ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;
- iii) Restrictive admission policies of existing providers;
- iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;
- v) For purposes of this subsection (b) (5) only, all services within the 30-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

b) Planning Area Need Review Criterion

The applicant shall document that the number of stations to be established or added is necessary to serve the planning area's population, based on the following:

1) 77 Ill. Adm. Code 1100 (formula calculation)

According to the October 2011 update to the IDPH Inventory of Health Care Facilities ("Inventory"), HSA-06 shows a computed need for 124 ESRD stations. This project is requesting to discontinue an existing 20-station ESRD facility, and establish a 32-station ESRD replacement facility in 12,380 GSF of leased space in the Woodlawn neighborhood of Chicago.

2) Service to Planning Area Residents

The primary purpose of this project is to provide in-center ESRD services to the residents of the Woodlawn neighborhood in Chicago and HSA-06.



The applicants note 20 of the 21 pre-ESRD patients and 131 of the 135 existing dialysis patients reside in the service area (Application, p. 96).

3) Establishment of In-Center Hemodialysis Services

The applicants report an operational capacity of 106.67% at the existing Woodlawn Dialysis facility, and note the facility has been operating in excess of the 100th percentile for the last four years. The applicants provided a listing of existing patients, as well as referral data that supports the claim of sufficient operational capacity (above the 80th percentile), upon project completion.

4) Service Accessibility

The applicants state the proposed facility will be located in Chicago (HSA-06), in the Woodlawn neighborhood. According to the October 2011 ESRD Need determination, there is a need for 124 ESRD stations in HSA-06. The lease for the existing facility expires on December 31, 2011, and the landlord (University of Chicago), has no intention of renewing the lease. The facility is current performing at 106.67% operational capacity, and recently had to operate a fourth shift to accommodate patient volume. The applicants propose to relocate to a building approximately 2 miles away in the Woodlawn neighborhood, and add 12 stations to accommodate the growing need for ESRD services in HSA-06.

Conclusion

It is evident that HSA-06 and the Woodlawn neighborhood needs to keep ESRD services in the area. Past utilization data and current need determinations illustrate a need to maintain dialysis services, and add stations. The applicants note the existing facility will lose its lease by 2012, and its impending closure would create access issues for the 135 current ESRD patients and the 21 pre-ESRD referral patients. As Dr. Hammes mentioned in her support letter, dispersing patients to numerous facilities would make it difficult for her to round on all of her patients, thereby disrupting continuity of care and interrupting long-standing patient-physician relationships. However, current utilization data (See Table Four) identifies underutilized facilities in a 30-minute radius. As seen in Table Five, 29 (57%) of the 51 facilities within a 30-minute travel radius are



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below the State Standard (80%), for utilization. Average utilization of these 51 facilities is 68.45%.

Based on these findings, a positive finding cannot be made.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE PLANNING AREA NEED CRITERION (77 IAC 1110.1430(b)).

c) Unnecessary Duplication / Maldistribution Review Criterion

- 1) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information:**
 - A) A list of all zip code areas that is located, in total or in part, within 30 minutes normal travel time of the project's site;**
 - B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and**
 - C) The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of station service that are proposed by the project.**
- 2) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, stations and services characterized by such factors as, but not limited to:**
 - A) A ratio of stations to population that exceeds one and one-half times the State average;**
 - B) Historical utilization (for the latest 12-month period prior to submission of the application) for existing facilities and services that is below the utilization standard established pursuant to 77 Ill. Adm. Code 1100; or**



- C) **Insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above utilization standards.**
- 3) **The applicant shall document that, within 24 months after project completion, the proposed project:**
 - A) **Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and**
 - B) **Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.**

The applicants supplied a listing of all zip codes in the Woodlawn Dialysis service area, complete with the corresponding population. The applicants also identified 135 existing ESRD, and 21 pre-ESRD patients expected to utilize the proposed facility upon project completion. The applicants note the lease on the current building at 1164 East 55th Street, Chicago, expires on December 31, 2011, and the landlord (University of Chicago) will not renew the lease. Based on the current station need in HSA-06 (124 ESRD Stations), this facility's closure without a replacement facility would create access issues for the Woodlawn neighborhood, and exacerbate an already present station need. There are existing facilities within 30 minutes. Table Four shows 29 (57%) of the facilities are operating below the target occupancy of 80%. Average utilization of the 51 facilities is 68.2%. Given the low average utilization of the 51 facilities within 30 minutes it appears a duplication of service will result with the establishment of this facility.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE UNNECESSARY DUPLICATION/MALDISTRIBUTION CRITERION (77 IAC 1110.1430 (c) (1) (2)).

C) Staffing - Availability

The Criterion states:



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"The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

1) Qualifications

- A) Medical Director - Medical direction of the facility shall be vested in a physician who has completed a board-approved training program in nephrology and has at least 12 months experience providing care to patients receiving dialysis.**
- B) Registered Nurse - The nurse responsible for nursing services in the unit shall be a registered nurse (RN) who meets the practice requirements of the State of Illinois and has at least 12 months experience in providing nursing care to patients on maintenance dialysis.**
- C) Dialysis Technician - This individual shall meet all applicable State of Illinois requirements (see 210 ILCS 62, the End Stage Renal Disease Facility Act). In addition, the applicant shall document its requirements for training and continuing education.**
- D) Dietitian - This individual shall be a registered dietitian with the Commission on Dietetic Registration, meet the practice requirements of the State of Illinois (see the Dietetic and Nutrition Services Practice Act [225 ILCS 30]) and have a minimum of one year of professional work experience in clinical nutrition as a registered dietitian.**
- E) Social Worker - The individual responsible for social services shall have a Master's of Social Work and meet the State of Illinois requirements (see 225 ILCS 20, the Clinical Social Work and Social Work Practice Act)."**

The applicants are proposing to discontinue an existing 20-station ESRD facility, and establish a 32-station replacement in the Woodlawn neighborhood of Chicago. The applicants expect all staff from the existing facility to transfer to the new facility, after project completion. It appears the applicants have provided the necessary information as required by



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this criterion on pages 114-124 of the application for permit.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE STAFFING CRITERION (77 IAC 1110.1430 (e) (1)).

D) Support Services

The Criteria states:

"An applicant proposing to establish an in-center hemodialysis category of service must submit a certification from an authorized representative that attests to each of the following:

- 1) Participation in a dialysis data system;**
- 2) Availability of support services consisting of clinical laboratory service, blood bank, nutrition, rehabilitation, psychiatric and social services; and**
- 3) Provision of training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training provided at the proposed facility or the existence of a signed, written agreement for provision of these services with another facility."**

The applicants are proposing to discontinue an existing 20-station ESRD facility and establish a replacement 32-station ESRD facility two miles away. The applicants have provided the necessary documentation as required by this criterion on page 126 of the application for permit. The applicants have met the requirements for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE SUPPORT SERVICES CRITERION (77 IAC 1110.1430 (f)).

g) Minimum Number of Stations

The minimum number of in-center hemodialysis stations for an End Stage Renal Disease (ESRD) facility is:

- 1) Four dialysis stations for facilities outside an MSA;**
- 2) Eight dialysis stations for a facility within an MSA.**



The proposed 32 station ESRD facility will be located in an MSA, meeting the requirements of this criterion

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE MINIMUM NUMBER OF STATIONS CRITERION (77 IAC 1110.1430 (g)).

h) Continuity of Care

An applicant proposing to establish an in-center hemodialysis category of service shall document that a signed, written affiliation agreement or arrangement is in effect for the provision of inpatient care and other hospital services. Documentation shall consist of copies of all such agreements.

The applicants have provided the required affiliation agreement on pages 129-139 of the application for permit. The transfer agreement is with University of Chicago Medical Center, Chicago. The applicants have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CONTINUITY OF CARE CRITERION (77 IAC 1110.1430 (h)).

j) Assurances

The Criterion states:

"The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that:

- 1) By the second year of operation after the project completion, the applicant will achieve and maintain the utilization standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal; and**
- 2) An applicant proposing to expand or relocate in-center hemodialysis stations will achieve and maintain compliance with the following adequacy of hemodialysis outcome measures for the latest 12-month period for which data are available:
≥ 85% of hemodialysis patient population achieves area reduction ratio (URR) ≥ 65% and ≥ 85% of hemodialysis patient population**



achieves Kt/V Daugirdas .1.2."

The applicants provided the required certification information on page 142 of the application for permit as required of the criterion. The applicants note by the second year of operation Woodlawn Dialysis will have achieved the following adequacy outcomes:

- 85% of patients had a URR \geq 65%
- 85% of patients had a Kt/V \geq 1.2

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ASSURANCES CRITERION (77 IAC 1110.1430 (j)).

X. 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The applicants are funding the project with cash and securities totaling \$2,976,308 and the FMV of the lease totaling \$1,993,213. A review of the applicants' financial statements indicates that sufficient cash is available to fund the project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1120.120 (a)).



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XI. 1120.130 - Financial Feasibility

A. Criterion 1120.130 - Financial Viability

Financial Viability Waiver

The applicant is NOT required to submit financial viability ratios if:

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or**

HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.

- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA), or its equivalent; or**

HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.

- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.**

The applicants have qualified for the financial waiver because the project is being funded with internal sources including capital expended through a lease. The applicants are funding the project with cash and securities of \$2,976,308, and the FMV of the lease of \$1,993,213. A review of the applicants' audited financial statements indicates that sufficient cash is available to fund the project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE FINANCIAL



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FEASIBILITY CRITERION (77 IAC 1120.130 (a)).

XII. Section 1120.140 - Economic Feasibility

A. Criterion 1120.140(a) - Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

The applicants are funding the project with cash and securities of \$2,976,308, and the FMV of the lease of \$1,993,213. The applicants have provided documentation of internal funding sources for the proposed project, and this criterion is inapplicable.

THE STATE BOARD STAFF FINDS THE REASONABLENESS OF FINANCING ARRANGEMENTS CRITERION IS INAPPLICABLE TO THE PROPOSED PROJECT (77 IAC 1120.140(a)).

B. Criterion 1120.140(b) - Terms of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are



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reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

The applicants are funding the project with cash and securities of \$2,976,308, the FMV of the lease of \$1,993,213. The applicants have provided documentation of internal funding sources for the proposed project, and this criterion is inapplicable

THE STATE BOARD STAFF FINDS THE TERMS OF DEBT FINANCING CRITERION IS INAPPLICABLE TO THE PROPOSED PROJECT (77 IAC 1120.140(b)).

C. Criterion 1120.140(c) - Reasonableness of Project Cost

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the State Board's standards as detailed in 77 IAC 1120.

Modernization Contracts and Contingencies - These costs total \$1,772,397 or \$143.16 per gross square feet. ($\$1,772,397 / 12,380 \text{ GSF} = \$143.16/\text{GSF}$) This appears reasonable when compared to the State Board standard of \$149.35/GSF.

Contingencies - These costs total \$150,000. These costs are 9.2% of modernization costs. This appears reasonable when compared to the State Board standard of 10%-15% of modernization costs.



Architect and Engineering Fees - These costs total \$110,980 or 6.2% of modernization and contingency costs. This appears reasonable when compared to the State Board standard of 6.54%-9.82 % of modernization and contingency costs.

Moveable Equipment - These costs total \$1,021,431 or \$31,920 per station. This appears reasonable when compared to the State Board standard of \$39,945.

Fair Market Value of Leased Space - These costs are \$1,993,213. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COST CRITERION (77 IAC 1120.140 (c)).

D) Criterion 1120.140 (d) - Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

The applicants anticipate the direct operating costs per treatment to be \$98.69. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT DIRECT OPERATING COSTS CRITERION (77 IAC 1120.140 (d)).

E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.



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The applicants anticipate the total effect of the Project on Capital Costs per treatment to be \$8.38. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS CRITERION (77 IAC 1120.140 (e)).

The map displays the Chicago metropolitan area and its surroundings. Key features include:

- Geography:** Lake Michigan to the north and east, Lake Mequon to the south, and the Illinois and Michigan Canal to the southwest.
- Counties:** Cook County (IL), DuPage County (IL), Kane County (IL), Kendall County (IL), Grundy County (IL), Porter County (IN), and Lake County (IN).
- Major Highways:** I-90, I-55, I-80, I-94, I-65, I-57, I-88, I-294, I-354, I-394, I-490, I-590, I-690, I-790, I-890, I-990, I-1090, I-1190, I-1290, I-1390, I-1490, I-1590, I-1690, I-1790, I-1890, I-1990, I-2090, I-2190, I-2290, I-2390, I-2490, I-2590, I-2690, I-2790, I-2890, I-2990, I-3090, I-3190, I-3290, I-3390, I-3490, I-3590, I-3690, I-3790, I-3890, I-3990, I-4090, I-4190, I-4290, I-4390, I-4490, I-4590, I-4690, I-4790, I-4890, I-4990, I-5090, I-5190, I-5290, I-5390, I-5490, I-5590, I-5690, I-5790, I-5890, I-5990, I-6090, I-6190, I-6290, I-6390, I-6490, I-6590, I-6690, I-6790, I-6890, I-6990, I-7090, I-7190, I-7290, I-7390, I-7490, I-7590, I-7690, I-7790, I-7890, I-7990, I-8090, I-8190, I-8290, I-8390, I-8490, I-8590, I-8690, I-8790, I-8890, I-8990, I-9090, I-9190, I-9290, I-9390, I-9490, I-9590, I-9690, I-9790, I-9890, I-9990, I-10090, I-10190, I-10290, I-10390, I-10490, I-10590, I-10690, I-10790, I-10890, I-10990, I-11090, I-11190, I-11290, I-11390, I-11490, I-11590, I-11690, I-11790, I-11890, I-11990, I-12090, I-12190, I-12290, I-12390, I-12490, I-12590, I-12690, I-12790, I-12890, I-12990, I-13090, I-13190, I-13290, I-13390, I-13490, I-13590, I-13690, I-13790, I-13890, I-13990, I-14090, I-14190, I-14290, I-14390, I-14490, I-14590, I-14690, I-14790, I-14890, I-14990, I-15090, I-15190, I-15290, I-15390, I-15490, I-15590, I-15690, I-15790, I-15890, I-15990, I-16090, I-16190, I-16290, I-16390, I-16490, I-16590, I-16690, I-16790, I-16890, I-16990, I-17090, I-17190, I-17290, I-17390, I-17490, I-17590, I-17690, I-17790, I-17890, I-17990, I-18090, I-18190, I-18290, I-18390, I-18490, I-18590, I-18690, I-18790, I-18890, I-18990, I-19090, I-19190, I-19290, I-19390, I-19490, I-19590, I-19690, I-19790, I-19890, I-19990, I-20090, I-20190, I-20290, I-20390, I-20490, I-20590, I-20690, I-20790, I-20890, I-20990, I-21090, I-21190, I-21290, I-21390, I-21490, I-21590, I-21690, I-21790, I-21890, I-21990, I-22090, I-22190, I-22290, I-22390, I-22490, I-22590, I-22690, I-22790, I-22890, I-22990, I-23090, I-23190, I-23290, I-23390, I-23490, I-23590, I-23690, I-23790, I-23890, I-23990, I-24090, I-24190, I-24290, I-24390, I-24490, I-24590, I-24690, I-24790, I-24890, I-24990, I-25090, I-25190, I-25290, I-25390, I-25490, I-25590, I-25690, I-25790, I-25890, I-25990, I-26090, I-26190, I-26290, I-26390, I-26490, I-26590, I-26690, I-26790, I-26890, I-26990, I-27090, I-27190, I-27290, I-27390, I-27490, I-27590, I-27690, I-27790, I-27890, I-27990, I-28090, I-28190, I-28290, I-28390, I-28490, I-28590, I-28690, I-28790, I-28890, I-28990, I-29090, I-29190, I-29290, I-29390, I-29490, I-29590, I-29690, I-29790, I-29890, I-29990, I-30090, I-30190, I-30290, I-30390, I-30490, I-30590, I-30690, I-30790, I-30890, I-30990, I-31090, I-31190, I-31290, I-31390, I-31490, I-31590, I-31690, I-31790, I-31890, I-31990, I-32090, I-32190, I-32290, I-32390, I-32490, I-32590, I-32690, I-32790, I-32890, I-32990, I-33090, I-33190, I-33290, I-33390, I-33490, I-33590, I-33690, I-33790, I-33890, I-33990, I-34090, I-34190, I-34290, I-34390, I-34490, I-34590, I-34690, I-34790, I-34890, I-34990, I-35090, I-35190, I-35290, I-35390, I-35490, I-35590, I-35690, I-35790, I-35890, I-35990, I-36090, I-36190, I-36290, I-36390, I-36490, I-36590, I-36690, I-36790, I-36890, I-36990, I-37090, I-37190, I-37290, I-37390, I-37490, I-37590, I-37690, I-37790, I-37890, I-37990, I-38090, I-38190, I-38290, I-38390, I-38490, I-38590, I-38690, I-38790, I-38890, I-38990, I-39090, I-39190, I-39290, I-39390, I-39490, I-39590, I-39690, I-39790, I-39890, I-39990, I-40090, I-40190, I-40290, I-40390, I-40490, I-40590, I-40690, I-40790, I-40890, I-40990, I-41090, I-41190, I-41290, I-41390, I-41490, I-41590, I-41690, I-41790, I-41890, I-41990, I-42090, I-42190, I-42290, I-42390, I-42490, I-42590, I-42690, I-42790, I-42890, I-42990, I-43090, I-43190, I-43290, I-43390, I-43490, I-43590, I-43690, I-43790, I-43890, I-43990, I-44090, I-44190, I-44290, I-44390, I-44490, I-44590, I-44690, I-44790, I-44890, I-44990, I-45090, I-45190, I-45290, I-45390, I-45490, I-45590, I-45690, I-45790, I-45890, I-45990, I-46090, I-46190, I-46290, I-46390, I-46490, I-46590, I-46690, I-46790, I-46890, I-46990, I-47090, I-47190, I-47290, I-47390, I-47490, I-47590, I-47690, I-47790, I-47890, I-47990, I-48090, I-48190, I-48290, I-48390, I-48490, I-48590, I-48690, I-48790, I-48890, I-48990, I-49090, I-49190, I-49290, I-49390, I-49490, I-49590, I